



Home > Commercial Real Estate

November 07, 2022 12:24 PM

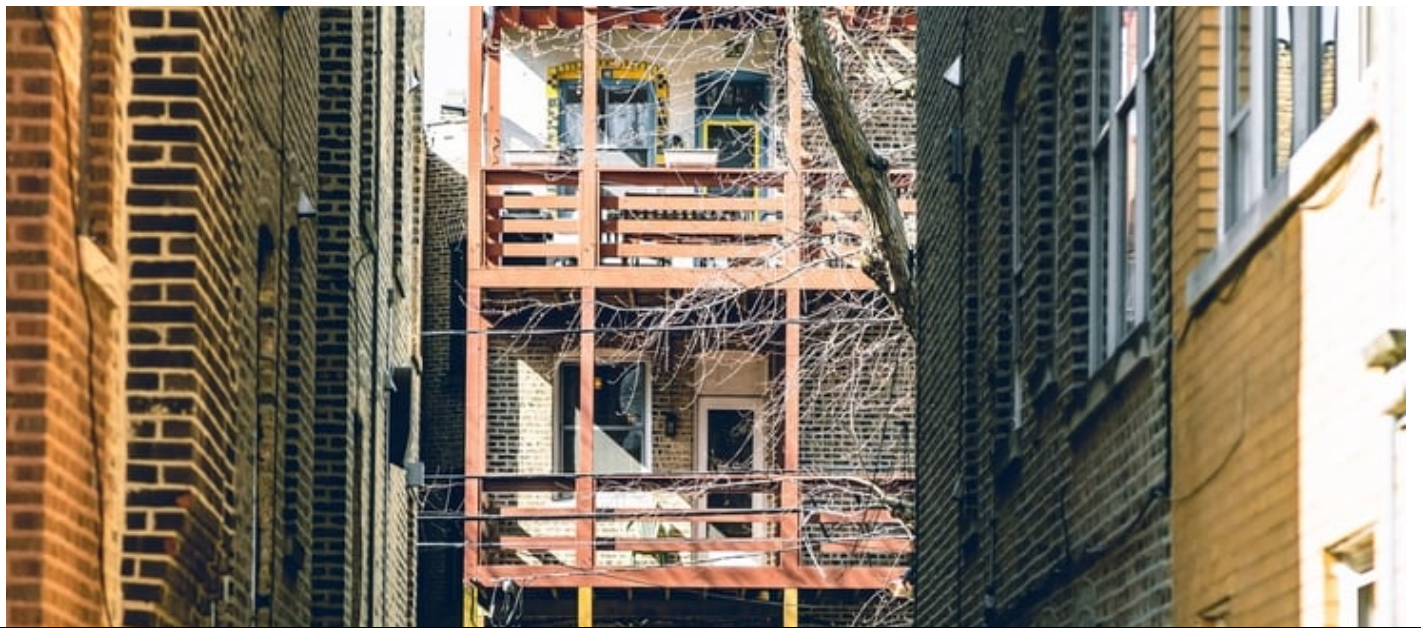
## You want to gripe about Chicago's high housing costs. But here's why you shouldn't.

A report from Fannie Mae confirms the Chicago metro area's affordable housing problem isn't as dire as it is in many peer urban centers.

ALBY GALLUN  



 REPRINTS





Zachary Lisko/Unsplash

### Listen to this article



The Chicago area may not have enough affordable housing, but a new report gives it better marks on affordability than many other big urban centers.

The report from Fannie Mae, the government-controlled housing finance company, confirms that Chicago's affordable housing problem isn't nearly as dire as it is places like Miami, San Diego, Denver or New York. Using data from 2019, the report assesses the affordable housing needs of the 75 most populous metro areas, considering factors like population and income growth; unemployment; and rent and mortgage payments. **(Read the report below.)**

---

#### MORE



Developers face a challenge making LaSalle Street livable



She's the architect of Lightfoot's plan to reshape Chicago neighborhoods

that have experienced slow population and income growth. But housing costs have also grown slowly, leading to an increase in affordability, according to the report, which examines both rental and for-sale housing.

The researchers created a “Housing Needs Score” for eight different metro-area groupings, giving the Mature Economy category—which also includes Boston, Philadelphia and Washington, D.C.—the third-lowest score.

The groups with the highest needs scores include cities like Miami; San Diego, Calif.; Hartford, Conn.; Memphis, Tenn.; New Orleans, La.; Austin, Texas; Dallas and Denver. The study also finds that some of the least affordable metro areas are in smaller markets like Bakersfield, Calif., and El Paso, Texas, where construction of affordable housing has slowed due to a loss in population.

The report confirms one of Chicago’s biggest advantages over other big U.S. cities: It’s a relatively affordable place to live. That should be a strength, giving Chicago an edge when it comes to attracting companies and talented workers, even at a time when narratives about crime and other problems have tarnished its reputation.

But Chicago [still has a shortage of affordable housing](#), even if the problem has eased. A 2021 report by the Institute of Housing Studies at DePaul University found that the gap in affordable rental housing in Cook County narrowed between 2012 and 2019.

But demand for affordable rental housing still exceeded supply by 159,000 units in 2019. And housing in many Chicago neighborhoods remains out of reach for people with low or moderate incomes.

---

Sign up for our Commercial Real Estate Report newsletter for exclusive news and analysis right in your inbox.

EMAIL ADDRESS

SUBMIT

---

Like the DePaul study, the Fannie Mae report examines the housing market as of 2019, ~~before the COVID-19 pandemic. The housing market has changed a lot since then and~~

“Even with the recent slowing down of home price growth and the reduction in demand caused by inflation and higher interest rates, the run-up in rents and home prices since 2019 has been catastrophic for working families,” Jeffery Hayward, Fannie Mae’s executive vice president and chief administrative officer, wrote in a [recent blog post](#) about the report. “And the only way out of the supply crisis is to create more housing and preserve the affordable housing we already have.”

Chicago Mayor Lori Lightfoot has made affordable housing [a priority](#) of her administration, pushing through changes to the city’s Affordable Requirements Ordinance and rolling out a [\\$1 billion package](#) in public and private funds for the creation and preservation of affordable housing last year.

The Chicago metro area ranks higher than many of its peers on one key metric: the number of “cost-burdened” households—renters or owners who spend more than 30% of their income on housing. Of the 30 most populous U.S. metro areas, only four had a lower rental cost burden than the Chicago area in 2019, according to the Fannie Mae report. Chicago ranked in the middle for households that owned their homes, with the 15th-highest cost burden.

[Local Solutions to a National Housing Shortage](#) by [AnnRWeiler](#) on Scribd